

## Message Text

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46

ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 EB-11 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-03 H-03 INR-11 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20

STR-08 TAR-02 USIA-15 PRS-01 SP-03 FEAE-00 OMB-01

SWF-02 SAM-01 DRC-01 /174 W  
----- 078861

P 021400Z AUG 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 9621

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DEPT PASS TREASURY

E.O. 11652: N/A

TAGS: ETRD, SP

SUBJECT: COUNTERVAILING DUTIES

REF: MADRID 4583 AND 4600

1. EMBASSY HAS RECEIVED FROM MFA NOTE VERBAL NO 256/3, DATED JULY 30, 1974, MAKING TWO REQUESTS IN RELATION TO THE COUNTERVAILING HEARING ON THE SPANISH EXPORTS OF SHOES AND BOTTLED OLIVES.

A. MFA REQUESTS AN EXTENSION OF A PERIOD OF TIME FOR THE PRESENTATION OF COMMENTS AT THE HEARING FOR SIXTY DAYS FROM SEPT 1, 1974. GOS JUSTIFIES REQUEST:

(1) ON THE BASIS THAT PERIOD ENDING AUG 15 WAS, IN ANY EVENT, INADEQUATE FOR SPAIN TO COMMENT UPON SUCH A COMPLEX AND IMPORTANT TRADE MATTER.

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(2) NEITHER THE INDUSTRIES AFFECTED NOR THE GOS CAN ADEQUATELY DEAL WITH THE ISSUE OF COUNTERVAILING DUTIES AT THIS TIME BECAUSE OF THE SUMMER VACATION PERIOD OCCURRING IN AUGUST.

(3) FAILURE BY THE U.S. DELEGATION OF EXPERTS TO COMPLY WITH THE COMMITMENT TO SUBMIT NO LATER THAN JULY 13 A REPORT STIPULATING THE BASIS UPON WHICH THEY HAVE DETERMINED A SUBSIDY UP TO 3 PERCENT EXISTS ON SPAIN'S EXPORTS ON SHOES AND BOTTLED OLIVES.

B. MFA STATES THAT THE U.S. GRANTED A SIXTH-DAY EXTENSION IN THE COUNTERVAILING DUTY CASE AGAINST BRAZIL AND CLAIMS FOR SPAIN AN EXTENSION OF THE SAME TIME ON THE BASIS OF EQUALITY OF TREATMENT AND NONDISCRIMINATION.

2. NOTE VERBAL REPEATS GOS REQUEST FOR MEETING OF JOINT ECONOMIC COMMITTEE AS PROVIDED FOR IN ARTICLES 2 AND 26 OF THE AGREEMENT OF FRIENDSHIP AND COOPERATION, IN ARTICLE 21 OF THE ECONOMIC CHAPTER IN THAT AGREEMENT, AND ARTICLE 8 OF THE JOINT DECLARATION OF JULY 19, 1974 BETWEEN SPAIN AND THE UNITED STATES; THE REQUEST FOR THE MEETING COMING AS A CONSEQUENCE OF TREASURY'S ACTION IN OPENING A COUNTERVAILING DUTY INVESTIGATION ON SHOES AND OLIVES. THE JOINT COMMITTEE MEETING WOULD BE TO EXAMINE THE DIFFICULTIES WHICH HAVE ARISEN IN THE BILATERAL TRADE IN LIGHT OF THE COMMITMENTS IN THE AGREEMENT OF FRIENDSHIP AND COOPERATION AND THE JOINT DECLARATION, AS WELL AS OTHER ECONOMIC SUBJECTS OF MUTUAL INTEREST. MFA PROPOSES JOINT ECONOMIC COMMITTEE MEETING IN MADRID IN THE SECOND HALF OF SEPTEMBER.

3. THE COMMUNICATION ENDS WITH A REPETITION OF THE GOS PROTEST OF AN "UNJUSTIFIED" INVESTIGATION BY TREASURY AND OF THE GOS INSISTENCE THE COMPLAINT OF A SUBSIDY ON SHOES AND BOTTLED OLIVES EXPORTS IS WITHOUT SUBSTANCE.

4. EMBASSY COMMENT:

A. IT IS TRUE THAT IT WOULD BE VERY DIFFICULT FOR LIMITED OFFICIAL USE

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THE GOS TO RESPOND AT THE HEARING EITHER BY AUG 15, OR AT ANY GIVEN TIME DURING THE MONTH OF AUGUST, DUE TO THE ABSENCE OF KEY PEOPLE IN THE GOVERNMENT AND IN THE INDUSTRIES AFFECTED. IF THERE IS A PRECEDENT FOR AN EXTENSION IN THE BRAZILIAN CASE, THE EMBASSY RECOMMENDS THAT THE GOS BE GIVEN SAME EXTRA PERIOD OF TIME TO MAKE A PRESENTATION AT THE HEARING.

B. THE EMBASSY BELIEVES THAT THE USG WILL HAVE TO RESPOND AFFIRMATIVELY TO THE GOS REQUEST FOR A MEETING OF THE JOINT ECONOMIC COMMITTEE GIVEN THE COMMITMENT IN THE AGREEMENT OF FRIENDSHIP AND COOPERATION TO THE USE OF THAT FORUM, AND TO THE MORE GENERAL COMMITMENT IN BOTH THE AGREEMENT OF FRIENDSHIP AND COOPERATION AND THE JOINT DECLARATION TO CONSULTATION ON MATTERS OF CONCERN TO EITHER PARTY. HOWEVER, THERE IS NO REASON WHY THE USG MUST ACCEPT THE TIMETABLE PROPOSED BY SPAIN WHICH WOULD HAVE THE JOINT ECONOMIC MEETING TAKE PLACE PRIOR TO THE END OF THE SIXTH-DAY EXTENSION, IF ANY, REQUESTED ON THE COUNTERVAILING DUTY HEARING. THIS INDICATES A CONTINUING BELIEF IN THE GOS THAT THE JOINT ECONOMIC COMMITTEE CAN POSSIBLY BE USED TO COUNTER U.S. ACTION WHICH ARISES SOLELY UNDER DOMESTIC LAW. EMBASSY SUGGESTS, THEREFORE, THAT RESPONSE TO GOS ON JOINT ECONOMIC COMMITTEE MEETING BE TO INDICATE THAT SUCH A MEETING WOULD NOT BE POSSIBLE FOR THE U.S. OFFICIALS WHO MUST BE INVOLVED UNTIL LATE IN THE FOURTH QUARTER OF 1974 OR, ALTERNATIVELY, FIRST QUARTER 1975.

5. TEXT AND INFORMAL TRANSLATION FOLLOW SEPTTEL.  
RIVERO

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DIPLOMATIC NOTES, COUNTERVAILING DUTIES, SHOES, OLIVES, TAX RELIEF, LEVIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 AUG 1974  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Office:** ACTION TRSE  
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